



STATE OF OREGON

INTEROFFICE MEMO

TO: Oregon Community Development Grantees

FROM: *Yvonne Addington*
Yvonne Addington, Program Manager
Community Development Program
Intergovernmental Relations Division

SUBJECT: Annual Audit

DATE: May 29, 1985

Oregon Municipal Audit Law requires an annual audit of all municipal corporations (ORS 297 et. seq.). This audit must consider the local government's compliance with all provisions of state, federal, and other legally binding contracts. Oregon Community Development (OCD) grants must be reviewed under this law.

To satisfy financial and contract compliance audit requirements, instruct your auditor to review and form an opinion regarding your compliance with conditions listed in Exhibit C of your Grant Agreement as well as to express an opinion regarding your financial statements and internal control systems. Please provide the auditor with a copy of the grant agreement and a copy of Intergovernmental Relations Division (IRD) Monitoring Report(s) for the grant(s) in questions. Be sure to list all grants to be reviewed by the auditor in your audit contract or agreement. When the audit report is completed, send a copy to IRD.

If you have any questions on this procedure, please read the OCD Audit Policy in Part F of the Grant Management Handbook (green book), or call your Project Manager.

YA:dh:lh:5359T



STATE OF OREGON

INTEROFFICE MEMO

TO: OCD Grantees
Yvonne Addington
FROM: Yvonne Addington, Manager
Community Development- IRD
SUBJECT: OCD Audit Policy

DATE: May 29, 1985

Enclosed for your information is a copy of the revised OCD audit policy. This revision was necessary to bring IRD audit and closeout procedures in line with the new Single Audit Act of 1985 (PL 98-502). Insert the policy into Part F of your Grant Management Handbook (Green Book). If you have questions about the policy, contact your project manager.

YA:DH:lh:0286C

STATE EXECUTIVE DEPARTMENT POLICY MANUAL Issuing Division: Intergovernmental Relations Division Program: Community Development Program	Number:
	Effective Date:
	Page 1 of 2
SUBJECT: Oregon Community Development Audit Procedures	Approved:

Objective: To provide guidelines for the conduct of program and financial audits of Oregon Community Development (OCD) grants.

References: PL 93-383, Sec. 140(e); PL 98-502, OMB Circular A-128, OMB Circular A-102, Attachment P, ORS Chapter 297 et seq. (Municipal Audit Law), OAR 165-030-015, Standards for Audit of Governmental Organizations, Programs, Activities and Functions (red book).

Policy: Every OCD grant must be audited each fiscal year per requirements of ORS 297.425. The grantee shall arrange for an audit of the grant in conjunction with any jurisdiction-wide audit. When the OCD grant spans more than one fiscal year, the audit shall roll up all previous audit financial statements.

When a grantee is exempt from audit per ORS 297.435, the Grantee shall obtain an audit that conforms with guidelines established in OMB Circular A-128 for grants awarded after January 1, 1985 or OMBC Circular A-102 Attachment P for Grants awarded before January 1, 1985.

All audits shall be performed by a qualified accountant or accounting firm, listed in the Secretary of State, Division of Audits, list of approved individuals and firms to undertake a governmental audit. Audit reports must contain statements of opinion as to the principals of accounting and methods used by the grantee, the accuracy and legality of transactions, accounts, records, files and financial reports of the grantee, and the compliance with all conditions and legal requirements of the grant agreement by the grantee. The State reserves the right to inspect all materials and worksheets used by the auditor to formulate these opinions.

Minimum Requirements:

1. Grantees shall use approved State and local procurement procedures for the award of a contract with a qualified accounting individual or firm as described above.
2. The audit shall include a determination of compliance with all conditions of the grant agreement and, when applicable, compliance with monitoring findings by the State.

SUBJECT: Oregon Community Development Audit Procedures	Number:
	Page 2 of 2

3. The auditor shall immediately notify IRD of any evidence of alleged or possible fraud.
4. The audit shall reconcile grant closeout statements with audited financial statements.

In addition, all audit contracts should cover the following items:

- a. Duration of the contract
- b. Cost of the audit and method of payment
- c. Penalty clause for late reports
- d. termination provisions
- e. Process for changing the scope of work
- f. list of grants to be audited
- g. indemnification and hold harmless clause
- h. confidentiality of information
- i. status of firm as an independent contractor

Procedure:

- | | |
|-----------------|--|
| OCD Secretary | 1. Reminds grantees of need for audit with June quarterly report notice. |
| Grantee | 2. Procures audit services from a qualified independent audit firm. |
| Audit Firm | 3. Conducts audit and prepares audit report. |
| Grantee | 4. Submits copy of the audit report to IRD. |
| Project Manager | 5. Reviews the audit with assistance from the IRD Finance Manager. If the report is not acceptable a resolution plan is negotiated with the grantee and/or the audit firm. Reviews audit with Program Manager. |
| Grantee | 6. If necessary, prepares and submits resolution plan to IRD. Carries out necessary corrective actions. Obtains final resolution report from the audit firm. |
| Finance Manager | 7. Notifies U.S. Office of Inspector General and officials in the State's cognizant federal audit agency of audit completion, approved resolution plans and final resolution reports. |



Executive Department

155 COTTAGE STREET NE., SALEM, OREGON 97310

DATE: June 14, 1985
TO: All Oregon Community Development Grantees
FROM: *Yvonne Addington*
Yvonne Addington, Program Manager
SUBJECT: Quarterly Report

This is a reminder that your quarterly report for the period ending June 30, 1985 is due in our office by July 31, 1985. Please refer to your Grant Management Handbook, Part F for instructions.

We have enclosed a blank form for your convenience.

If you have questions in filling out the report, please contact your Community Development Project Manager.

YA:n1:5493T

enclosure

2. SHORT RANGE COMMUNITY DEVELOPMENT PLAN

List activities that address short range community development needs, including the needs of low and moderate income persons. If at least 51 percent of the persons who will benefit from this activity are low and moderate income persons (see criteria in Federal Register, marked Exhibit J), please indicate estimated percent of benefit to low and moderate income persons.

<u>PROJECT/NEED</u>	<u>Percent of benefit to low and moderate income persons, if any</u>
1. Storm sewer development and expansion	100 %
2. Sanitary sewer improvement and expansion	100 %
3. Street improvement and expansion	100 %
4. Main street enhancement and development	100 %
5. _____	_____
6. _____	_____
7. _____	_____
8. _____	_____
9. _____	_____
10. _____	_____

If more space is required, please attach information and indicate here _____

STATE OF OREGON
COMMUNITY DEVELOPMENT GRANT PROGRAM
GRANT AGREEMENT

Grant # 85-507-TA

This Grant Agreement is made and entered into by and between the State of Oregon ("State") and the [city/XXXXXX] of Elgin ("Grantee").

The grant which is the subject of this Grant Agreement is authorized by Title I of the Housing and Community Development Act of 1974, Public Law No. 93-383, as amended (the "Act"). The grant is subject to the regulations of the Department of Housing and Urban Development, 24 CFR Part 570, Subpart I (1983) and 24 CFR Part 58 (47 Federal Regulation 15752 [April 12, 1983]), the Housing and Urban-Rural Recovery Act of 1983 (September 23, 1983) and rules established by the State of Oregon, Intergovernmental Relations Division, Oregon Administrative Rules, Chapter 120, division 20, as may be amended from time to time, at the discretion of the State.

Incorporated herein as part of this Grant Agreement are:

- A. Notice of Grant Award, including project period for completion, attached as Exhibit "A".
- B. Special conditions of award attached as Exhibit "B".
- C. Certifications of compliance with federal laws and statutes, attached as Exhibit "C".
- D. Program schedule for project showing breakdown of sources of funds, milestones for monitoring progress and timeline for completion of project, attached as Exhibit "D".
- E. Application, [XXXXXXXXXXXX]/as modified by the State during the grant review process], attached as Exhibit "E".

In reliance upon the application and Certifications of the Grantee, the State agrees, upon execution of the Grant Agreement, to provide the Grantee funds in the amount of \$ 8,500, the use of which shall be expressly limited to the activities described in the grantee's application (Exhibit "E"). The use of these funds shall also be subject to the attached conditions, if any.

The obligation or expenditure of funds by grantee for the approved activities described in this agreement is prohibited without the further express written authorization of the State, except that such funds may be obligated or expended by grantee for activities that are exempt as specified in 24 CFR Part 58.34, (47 Federal Regulation 15755 [April 12, 1983]), provided that each activity or project is exempt and meets the conditions specified for such exemption under the cited section.

YA:n):0315C
IRD:03/13/85

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YA:n1:0315C
IRD:03/13/85

SPECIAL CONDITIONS OF AWARD

TECHNICAL ASSISTANCE GRANTS

Other Special conditions pertinent to this grant:

1. The engineering study must be approved by the State Department of Environmental Quality.
2. A copy of the study must be submitted to IRD.
3. A cost itemization of Oregon Community Development funds requested must accompany each cash draw.
4. Grant award reduced to \$8,500.

Exhibit "B" of Grant Agreement (Technical Assistance)

YA:n1:0315C
IRD:03/13/85